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Impact of Micro Finance on Income Generation and Livelihood of Members of Self Help Groups – A Case Study of Mandya District, India

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Abstract

The traditional Indian society functioned mainly on the basis of self-help and mutual aid. However, in recent years, they have been emerging as a major strategy for the promotion of informal credit to the poor. Self-help groups are expected to make a significant contribution to poverty alleviation and empower the members in economic, social and political spheres. These programmes are also expected to become increasingly self-reliant and independent of donor funds. In rural India, there is substantial degree of feminization of poverty on account of an increase in the net population growth rate among the landless agricultural labour households (including SC/ST and other backward classes women), low level of human skills, lack of availability of wage employment opportunities and inadequacy of institutional support to create wage as well as self employment opportunities. This list includes economic factors responsible for feminization of poverty which are much stronger in operation and which function along with socio-cultural barriers and discrimination against women in economic participation. The objectives of the self-help groups are to promote strong and independent women groups who exert control over their own development and that of the community. The women would be equipped with managerial and technical skills through enhanced participation in economic activities. In this context, it is desirable to generate information and analyse to what extent these micro finance programmes have been able to reduce poverty and vulnerability by; increasing capital/asset formation at the household level, improving household and enterprise incomes, enhancing the capacity of individuals and households to manage risk, increasing enterprise activity within households, expanding employment opportunities for the poor in non-farm enterprises, empowering women and improving the accessibility of other financial services at the community level.

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1. Introduction

Micro finance in general is a practice of providing the poor with credit, savings and insurance facilities to set up or to expand Income Generating Activities relating to agriculture and its allied activities and non-farm sector, and thereby is poverty reducing mechanism. Micro finance is needed a very traditional and familiar form of business. Microfinance has turned out to be useful development assistance product. It reached millions of poor people and emerged as a revolution. It is a viable alternative that reached the hitherto unreached for their social and economic empowerment through financial and social intermediation. In microfinance the practice of group-lending contracts with joint liability is widely accepted as a potential innovation or a noble solution for imperfections in rural credit markets to minimize risks in the credit markets. The joint liability between the group members provides incentives or compels the group to undertake the tasks of selection, monitoring and enforcement of repayment in a cost effective manner. This leads to reduced transaction costs, increased volume of transactions and improved accessibility of credit to the poor.

The institutional arrangements that are providing financial services at the micro level are called Micro Finance Institutions (MFIs). Asian Development Bank defines MFIs as “Institutions whose major business is the provision of micro finance services. MFIs have been operating under different legal systems and structures like non-profit MFIs, Cooperatives, Registered Banking Institutions, and Government Organizations. The most significant observation made by Hulme and Mosely (1996) is that the Non-profit MFIs or NGO-MFIs have comparative advantage over the profit institutions in providing the formal sector financial services to the poor. Many of the pioneer MFIs working in the world today like Grameen Bank, BRAC (Bangladesh), and SANASA (Sri Lanka) , KREP (Kenya), MMF(Malawi), Banco Sol (Bolivia) are basically NGOs. Subsequently, some of them have transformed into banks or they work on the lines of NGO-MFIs on a large scale. There are a large number of unregulated NGO-MFIs in the world of micro finance; they count for 61.4 percent of the sample.

Grameen Bank and Bangladesh Rural Advancement Committee are the two important MFIs that emerged first in South Asia. Later, the Bangladesh Grameen Bank model was replicated in more than six other countries in Africa and Asia. In 1986, Nepal adopted the new strategy of linking SHGs with the formal financial institutions. In pursuit of this, in 1988, Indonesia started linking banks and SHGs. Following Indonesian experience with MFIs, countries like Philippines, Thailand, Sri Lanka and India in the early 1990s too initiated micro level financial services for the rural poor with different institutional structures.

2. Statement of the Problem

The poverty in India has a strong gender dimension. In order to develop and empower women, the government has been formulating policies and programmes, which have been operationalised through five year plans since independence. A review of the policies and programmes is undertaken during and at the end of each plan period while preparing plan documents. Such a constant review, based on evaluation and studies conducted on government initiated women development and empowerment programmes, and the successful programmes of civil society organisations within and outside the country, together with political mobilization of women, have resulted in the following changes:

- A shift in policy focus from welfare to development and to empowerment during the five-year plan periods, especially after the 1970s.
- Assignment of functions relating to women’s development and empowerment to different types of local organisations, line departments, local government, NGOs and others.
- Mandatory representation of women in the decentralized government at the district and below.
- Formation of grass roots level women’s organisations for their development and empowerment.
- A shift in targeting strategy from ‘individual beneficiaries’ to ‘self-help groups of women involved in micro finance.

- A shift in strategy from issuing loans to individual beneficiaries to using micro-finance as an instrument for development and empowerment of women organized in SHGs.

Micro finance programmes are expected to make a significant contribution to poverty alleviation and empower the members in economic, social and political spheres. These programmes are also expected to become increasingly self-reliant and independent of donor funds. Recent studies, however, question this enthusiasm. While one group of studies argues that micro-finance has very beneficial social and economic impact, others caution against such optimism. Other studies suggest that beneficial impact of micro-finance programmes; but argue that micro-finance does not assist the poorest thus questioning the ability of the programmes in targeting the poor, the sustaining of the services provided and the ability of the programmes to reduce poverty. The studies also note that there are only limited data on the impact of NGO programmes on poverty and that NGOs comparative advantage over other service agencies needs to be investigated rather than assumed. Thus, it appears that micro-finance programmes have not always succeeded in their objectives of sustainable poverty alleviation and empowerment.

NGOs are building social capital in the form of groups that can generate a sound base for their members to develop their credibility as borrowers and encourage financial institutions to develop confidence in establishing a lending relationship with the groups. Thus, NGOs transform the beneficiaries into borrowers leading to establishment of systems and structures in which a sustainable process of linking the poor borrowers to sources of capital and other financial services with formal financial institutions is achieved. There is little doubt that support for microenterprise has dramatically increased since the late 1980s. This study critically examines the credit-initiated microenterprise development of the NGO as a strategy to promote poverty alleviation. Satisfactory through the performance of the NGO is in ensuring access of the poor, particularly poor women, to institutional sources of credit, and alleviating poverty to some extent.

With this background, the study seeks to examine the functioning of micro-finance programmes, and analyze economic benefits (improvement in livelihoods and access to resources) and social benefits (improvement in knowledge and participation) of the selected micro-finances on members in the specific context of NGO programmes in Mandya district. The study also looks at the lessons from the selected micro finance programmes, and examines the likely pointers on what could be the possible trends in economic and social benefits. The policy suggestions have been provided at the end.

3. Objectives of the Study

The main focus of the study is to examine the role of micro finance and its impact on socio-economic development of beneficiaries from Self-help Groups and Non Government Organizations. The specific objectives of the study are as follows;

- To evaluate the extent of influence and support of micro finance institutions in implementing microfinance programmes for upliftment of women.
- To examine the employment activities of Self-Help Groups under micro credit programmes in the study area.
- To study the role of Self-Help Groups in socio-economic empowerment of women in Mandya district.
- To evaluate the problems being faced by the SHGs in implementing the micro-credit programmes
- To suggest appropriate policy measures based on the findings, which emerge from the proposed study.

4. Methodology of the Study

The present study is an empirical investigation based on sample beneficiaries of microfinance institutions in Mandya district of Karnataka. The present study is based on both secondary and primary data and a systematic random sampling method has been adopted for survey. The primary data has been collected from

Mandya district. The sample size comprised of 186 beneficiaries from microfinance activities in the Mandya district of Karnataka State. The present study has selected two taluks in the district for the purpose of primary data collection.

5. Results and Discussion

Here we have made an attempt to analyse the role of NGOs like Vikasana, MRD (MYRADA) and CDS(Community Development Society) in Mandya district of Karnataka State in catering the needs of the women. These three non-governmental institutions actively participated in improving the livelihood security of women through self help groups in Mandya district. Table – 1 shows the reasons given by the members for Joining the SHGs about 37 percent of them opined that they joined the group of promoting savings and for getting loans. Thirty-one percent of them gave multiple reasons like getting loan, inculcating the savings habit, and welfare of the family. In CDS about one-third reported that they were attracted to the group by the possibility of easy access to the formal credit system and opportunity to raise loans.

Table 1. Motivating factors-Members perception

Reasons	MRD	CDS	Vikasana	All class
For getting loan	2(6)	17(33)	7(7)	26(14)
For promoting Savings habit	2(6)	9(16)	5(9)	16(9)
For availing loan and Promoting savings habit	9(26)	11(21)	49(50)	69(37)
For family's welfare	-	2(4)	-	2(1)
Other reasons	4(11)	4(7)	4(7)	13(8)
Multiple reasons	18(52)	10(19)	31(31)	59(31)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey

Only two members reported that they joined the group for the welfare of their families about eight percent thought that membership in the group would raise their status in society as one of the reason for joining the group.

6. Group size

A group self not more than 30 members to suggested as ideal for forging solidity among members and for effective monitoring of their performance. The CDS groups had membership in the range of 10 to 49 in MRD groups, membership is strictly restricted to a maximum of 20 persons, when membership exceeds 20 persons new groups are formed at the imitative of MRD by co-opting more new members. New members desirous of joining MRD are admitted to groups which have only less than 20 members. The group size of Vikasana ranges from 13 to 39 members. Unlike other voluntary agencies, in Vikasana two or more persons from the same may join the group. This may not be desirably as financially better off families could thereby dominate and manipulate the groups decisions. The unit constituted at a locality want level has around 10 to 15 SHGs. The unit exercise external control over the SHGs coming under its purview.

7. Group meetings and attendance

The practice of holding regular group meetings is found to build better understanding forge solidarity and develop qualities of self-help and mutual help among the members to Vikasana the group meetings are held only once in a month. The group leaders spied that the practice was decided upon unanimously an all the members were occupied in various activities. It is also seen that the percentage of attendance varied from 60 to 70 percent. The monthly meeting. This usually lasts for about an hour, discusses common issues including local problems, like treatment of the member disease of coconut and problems of low voltage of the electricity distribution.

In MRD, almost all the groups bold weekly meetings on a fixed day and time. The survey revealed that about 70-90 percent of the members attended the meetings regularly. The functionaries insist on holding regular weekly meetings. In CDS we found differences in performance across groups in well performing groups attendance in meetings was around 40 to 60 percent, while in unsuccessful groups it was below 30 percent. In unsuccessful groups, meetings were not held regularly. Some members sent their savings to the group through children or other members. Many of the members opined that other than thrift and credit transactions no serious agenda was discussed at meetings. Meetings were therefore found monotonous and members tended to keep away from meetings. Other factors like loss of faith in the group leader had also led to poor attendance in a few cases. The leaders play a prominent role in motivating members to attend regularly. It is observed that the tempo of meetings could be maintained if other issues including local and personal (familial) issues are also discussed along issues relating to thrift and credit. The enthusiasm seen among the members of the older groups in the beginning could not be retained at alter stages due to the failure of groups to rise to their expectations.

The idea of imposing fine (with the groups' consent) for unauthorized absence may be thought of for maintaining the attendance rate. Moreover, reading the minutes of the previous meeting in the group by members on a rotation basis might help in improving the articulation skill of members and would motivate the less educated members to improve their learning and take over leadership role of the group.

8. Record maintenance

The CDS byelaw states that four records are to be statutorily maintained. In all the CDS groups visited, we could see that this function is done systematically. The introduction of Management Information system (MIS) by *Kudumbasree* since January 2000 has improved the monitoring system. The Panchayat co-Coordinator is expected to submit a monthly report of all NHGs before the fifth of every subsequent month to the President of the Panchayat CDS who in turn will present it to the district CDS, for monitoring and evaluation.

However, the system of accounts maintenance and book-keeping is found to be the best and the most systematic in MRD groups, may be because of the presence of more bank-linked groups and their close liaison with Cauvery Kalpatharu Grameen Bank. The stipulation that the monthly report/statement is to be presented to the MRD office on the 2nd of every month makes the maintenance of records effective. In Vikasana also there is regular monitoring and evaluation. However, in Vikasana, in some of the groups men maintained the accounts on half the women's group, thus hampering the women empowerment process.

The president and the co-ordinations of the *Panchayat* CDS helped many groups in getting the maximum financial benefit, benefit, in solving conflicts and in initiating social activities. Anyhow, a few groups complained about the bias of the ADS chairperson in favour of their own groups in distributing credit and other facilities. We observe that in the NHGs of the CDS president and the chairpersons, around 50 percent of the members were having economic activities, while the percentage of members with income generating programmes in other NHGs was comparatively low.

Table 2. Members perception on assuming leadership role

Perception	Number	
Interested	54	(45)
Not interested	102	(55)
Total	186	(100)

Source: Field survey, Figures in brackets are percentages to total

About 55 percent of the selected members reported that they were not interested in assuming the leadership role of their group (Table 2) The reasons for their unwillingness to take up leadership roles are given in Table – 3. Among them lack of knowledge or confidence was the most important reason since it was reported by 68 percent.

Among the members of Vikasana 43 percent reported that they had no time on were not interested in taking leadership responsibilities. In CDS, members (44 percent) remarked that they were not educated enough to write the minutes and accounts and manage the group. A few Muslim members felt that mobility outside their locality may be a problem if they accept the leadership position. In MRD, members preformed to have the same leaders re-elected In case of continued leadership it was found that members reposed confidence in the leadership and its guidance and did not want to change it. Their strong faith and trust in.

Table 3. Reasons for abstaining from leadership

Factors	MRD	CDS	Vikasana	All class
Lack of confidence	2(11)	7(17)	1(2)	10(10)
Lack of knowledge	2(11)	14(33)	15(36)	31(30)
Knowledge	8(44)	11(26)	8(19)	27(27)
No time/Not willing to take responsibility	-	10(24)	18(43)	28(27)
Multiple response	6(24)	-	-	6(6)
Total	18(100)	42(100)	42(100)	102(100)

Source: Field survey; Figures in brackets are percentages.

The leadership is reflected in their words, “It is because of her that we are able to perform smoothly”. The fact remains, however, that unless all members took up leadership by turns, empowerment may be confined to only the group leaders and will not spread to all the members. In one of the MRD groups, it was found that the leader followed an “autocratic” to be effective in getting the maximum financial assistance to the group members and in ensuring prompt repayment of loans.

In the majority of cases it is found that only the leaders are clear and are aware of the goals and the concept of SHG, and the information and training which they receive from the high level meetings is not effectively passed on to the members. Leaders are trained on various topics, the benefits of which do not always percolate to them.

9. Socio-economic profile of the selected members

In this part the demographic, socio-economic and other characteristics of the selected members are presented. Table 4 gives the group-wise age composition of the selected members. It is seen that 62 percent of the selected members were in the age group of 30-45 years, which is considered to be the most productive period in a person's life. The proportions of members in the age group of less than 30years and those than 45 years were 19 each.

Table 4. Agency-wise distribution of members by age group

Age	MRD	CDS	Vikasana	All class
Loss than 30 years	6(17)	12(23)	17(17)	35(19)
35-45 years	22(63)	33(62)	61(63)	116(62)
Above 45 years	35(100)	53(100)	98(100)	186(100)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets as percentages.

As per the Census Report 2001, the average family size to the district is 6.49. During the field survey we have observed that majority of the Muslim families were having more than three children.

Table 5. Agency-wise distribution of members by family size

Family size	MRD	CDS	Vikasana	All class
Less than 3	7(20)	19(19)	18 (19)	35(19)
3 to 5	23(66)	32(60)	60(61)	115(62)
Above 5	5(14)	11(21)	20(20)	36(19)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey, Figures in brackets are percentages.

However, among the selected members 62 percent were having a family size between 3 and 5 members and 19 percent more than 5 members in the family. Table - 6 shows that all agencies had a fair representation of all the religious groups. It is found that in Vikasana, Christians formed more than two-fifths may be due to the fact that SHGs of Vikasana were formed by reorganizing the credit Union, which and existed earlier. Again, there is a general feeling that though membership is open to all, the members are mostly Christians and that built of the benefits in this agency go to them MRD groups concentrated mainly in Muslim areas have about 43 percent of the selected members belonging to the community.

Table 6. Agency wise distribution of members by religion

Religion	MRD	CDS	Vikasana	All class
Hinduism	12 (34)	17(32)	27(28)	56 (30)
Christianity	8(23)	17(32)	40(41)	65(35)
Islam	15 (43)	19(36)	31(31)	65(35)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets are percentages

Since SHG is conceptually targeted to weaker sections. It would be interesting to look at the social status of the selected members. In general, SC/ST families constitute the most variable and economically the most backward among the different communities, SC/ST representation was comparatively high in CDS and in the selected MRD groups. However in MRD and CDS, the majority (53 percent) belonged to the category of OBCs (Other Backward communities) in Vikasana, 60percent of the members belonged to the general category belonging to the forward status of the society.

Table - 7 shows that the members of Vikasana groups were more educated than the members of other groups. Forty-four percent of them had qualifications of SSLC or above. In CDS and MRD, the majority of the selected members (47 percent and 35 percent respectively) were found to have only primary education. Illiterates formed

time percent of the membership in the CDS groups. Interestingly. In almost all the groups, women were found to be better educated than their husbands.

Table 7. Distribution of members by social status

Caste	MRD	CDS	Vikasana	All class
SC/ST	-	6(11)	2(2)	8(4)
General	16(46)	19(36)	59(60)	94(51)
OBC	19(54)	28(53)	37(38)	84(45)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey figures in brackets are percentages.

Table 8. Distribution of members by level of education

Education level	MRD	CDS	Vikasana	All class
Illiterate/No response	1(3)	5(9)	5(5)	11(6)
Literate	3(9)	4(8)	10(10)	17(9)
Primary	13(37)	25(47)	28(29)	66(35)
High school	7(20)	8(15)	12(12)	27(15)
SSLC	6(17)	8(15)	33(34)	47(25)
Above SSLC	5(14)	7(6)	10(10)	18(10)
Total	15(100)	53(100)	98(100)	186(100)

Source: Field survey Figure in brackets are percentages.

Most of the members were found to be either agricultural laborers or self-employed workers seventeen percent of the members had their own small-scale units, run on self-employment basis engaged in non-agricultural activities (Table – 9) In Vikasana 65 percent of the members remained unemployed, while the corresponding figure in MRD was only 46 percent. Two-fifths of the members in CDS groups had some occupation or other, though the returns from them were not up to their expectations. It may be noted that despite the fact that ample funds are available for economic activities. It may be noted that despite the fact that ample funds are available for economic activities 60 percent of the total sample was still not having any occupation.

Table 9. Group-wise activity status of beneficiaries

Activity status	MRD	CDS	Vikasana	All class
Laborer	5(14)	9(17)	7(7)	21(11)
Self employed in Non-agriculture	9(26)	8(15)	15(15)	32(17)
Self employed in agriculture	1(3)	2(4)	7(7)	10(5)
Salary paid Employment	1(3)	1(4)	7(7)	10(5)
No occupation No Response	16(46)	30(57)	64(65)	110(60)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets are percentages

The major source of income of those households came from the work of the male members, husband, father or

others. Table – 10 shown that 62 percent of the members feature of the members of the CDS groups is that for 16 percent among them, spouses had either deceased or were non-working.

Table 10. Activity Status

Activity status	MRD	CDS	Vikasana	All class
Laborer Mason/others	22(63)	16(600)	58(50)	116(62)
Petty shop	3(9)	1(2)	8(8)	12(6)
Gulf employee	1(3)	-	7(7)	8(4)
Self employee, Govt. employee	3(9)	2(4)	15(16)	20(11)
No employment	6(17)	14(26)	10(10)	30(16)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets are percentages.

The share of the employment and the employed together in Vikasana formed 23 percent) which shows that these members had not come inevitably from the 'poor' families, as per the accepted definition of poverty.

Table 11. Distribution of members by monthly family income

Monthly Income	MRD	CDS	Vikasana	All class
Less than Rs.2000	3(9)	14(26)	10(10)	27(15)
Rs.2000-4000	23(66)	20(38)	46(47)	89(49)
Rs.4000-6000	8(23)	18(34)	26(27)	52(28)
Above 6000	1(3)	1(2)	16(16)	18(10)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets are percentages.

A family with monthly income of above Rs.1500 is treated as a family belonging in the above poverty line (APL) We could find that only a very few members come under this category. Table – 11 shows that in CDS, 26 percent of the selected sample members reported their monthly family income as below Rs.2000. In the other two, the corresponding proportions were much lower. Thus the CDS groups catered to the seeds of the poor to a larger extent than the other groups.

In Vikasana 43 percent of the members were having more than Rs.4000 as family income of them. 16 percent reported incomes more than Rs.6000. These higher income families had their numbers engaged in several occupation -compactors, auto-drivers, teachers, clerks at tenders in government offices newspaper agents and LIC gents. The sons of a few old members were reportedly working to Gulf countries or were well-employed in India. Only 15 percent of the total members in the sample reported their family income as less than Rs.2000. Thus it may be inferred that the SHGs have either improved of the economic conditions of a fairly good number of BPL families of that the members of SHGs were drawn also from families belonging to the APL category.

10. Factors behind group success and failure

Several studies have reported that there are certain elements factors, which are crucial for the successful functioning of SHGs. The major factors may be categorized into external and internal. The external factors usually include the agency (a Mahila Samaja a voluntary agency, a Grama Panchayat a banker or even a

Government organization) that promotes and motivates the members. The Bangladesh and the MYRADAs experiences show that in the initial years the role of the external promoting agency is vital for motivation, nurturing and equipping the group to reach the stage of self-reliance. Deliberate external intervention of the promoting agency (in the initial stage) has helped in laying a strong foundation in the MYRADA group. However whether it is the government or the voluntary organization, the role of the promoting agency is not confined to mere mobilization of rural women folk. The agency is also expected to inculcate in them a spirit of self-help and mutual help and a profound understanding of the mission and goals of the SHG.

Groups cannot be built overnight. Group formation is a slow, time-consuming process. Once the members get the crux of the mission and realize the benefits, they would remain loyal throughout and never leave the group. When the group becomes stabilized in its functioning, internal factors like good leadership, unity and mutual understanding among the members determine the pace of growth and development. The internal factors contributing to group success include (i) presence of an educated, sincere, and dynamic leader (ii) stability in leadership (iii) homogeneity in membership (members belonging to same income or social strata) (iv) democracy and transparency and (v) co-operation, unity and mutual understanding. Based on these coteries, We have identified a few internal and external factors which have influenced the functioning of the selected groups under the three agencies.

The details given in Table -12 give the members perceptions on factors behind group success. It comes out that the role of the promoting agency and the co-coordinator are the most important external factors contributing to the success of the group. Forty-six percent of the members interviewed felt that the promoting agency and the co-co-ordinators had crucial role in the initial years till the groups reach the stage of self-sufficiency. However a MRD, the role of the bank and the promoting agency was highlighted by 54 percent of the members. In CDS, 25 percent gave multiple responses and 23 percent did not respond or were neutral. While considering the internal factors contributing to group's success group wise variations were not observed-69 percent of the members, interceptive of groups, remarked that good leadership, co-operation among members and transparency in decision making are essential for the smooth functioning and sustainability of the group. However member felt that the role of the group leader is one among the foremost factors responsible for a group's success or failure. In some of the defunct groups, absence of a strong secretary to in calculate in the members the real spirit of group dynamics had led to its failure.

Table 12. Members perception about factors contributing to groups success

Contributing factors external factors	MRD	CDS	Vikasana	All class
Promoting agency	5(14)	9(17)	4(4)	18(10)
Co-Ordinators	-	6 (11)	1(1)	7(3)
Promoting agency & Co-ordinators	-	9(7)	76(78)	85(46)
Bank	5(14)	-	-	5(3)
Promoting agency bank	19(54)	4(8)	-	23(12)
Multiple response	6(17)	13(25)	9(9)	28(15)
Nil	-	12(23)	8(8)	20(11)
Total	35(100)	53(100)	98(100)	186(100)
INTERNAL FACTORS				
Good leadership	1(3)	-	4(4)	5(3)
Co-operation	-	3(6)	2(2)	5(3)
Transparency	-	-	4(5)	4(2)

Multiple response	7(20)	15(28)	21(21)	43(23)
All the above factors	27(27)	35(66)	67(68)	129(69)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets are percentages.

Table 13. Members' perception on factors preventing groups further growth

Factors	MRD	CDS	Vikasana	All class
Poor leadership	1(3)	-	4(4)	5(3)
Low educational Back ground	6(17)	9(17)	9(9)	24(13)
Lack of training/ Awareness/guidance	8(23)	9(17)	13(13)	30(16)
More financial assistance	6(17)	5(9)	13(13)	24(15)
Others	7(20)	9(17)	29(30)	45(24)
Total	35(100)	53(100)	98(100)	186(100)

Source: Field survey Figures in brackets are percentages.

In order to find out the factors, which hinder the groups growth and functioning the opinions of the members were collected. Table – 13 show that about one-third of the members. Irrespective of the groups, felt that farther progress is not possible because of poor infrastructure facilities. Even in some of the excellent groups, members expressed the need for better roads, bus and ferry services, brings across the Cauvery River and electrification of then ward. Absence of bituminized made and bus services force them to depend of private service operators (of jeeps and auto rickshaws) They felt that they could start small-scale industries or cottage industries, but the cost of transporting raw materials from KR market and taking back the finished products to the market is prohibitively expensive making their efforts un remunerative. However 16 percent reported that absence of training and guidance prevented further growth of their groups. In MRD an equal preventive of members (23 percent) complained about poor infrastructure and lack of training and lack of training and guidance as factors standing in their way of progress 13 percent of the members of all the groups taken together remarked that they require more financial assistance for their groups further growth. A few members especially in Vikasana (30 percent) did not respond may be because they belonged to inactive groups or were dormant members not interested in the group's functioning and growth.

11.Impact of Self Help Group Movement on Women's Social And Economic Status

The membership to a SHG has contributed to significant changes in the lives of women. This was revealed by focus group interactions and field visits in the six towns undertaken for this study. Most of the groups visited could be assessed as successful in social and economic terms. Less than 5% of the SHGs formed under the program can be said to be defunct. Forty percent of the urban poor were covered by KUIDPS's SHGs in the short period that the project was active. The impacts can be looked at as those bringing in economic changes, impact on the social status and political impacts, and the impact of SHGs on the community.

12.Impact on Economic Status

Increased entrepreneurial skills: KUIDP convened a number of Entrepreneurship Development programs for SHG. Members which facilitated the learning of generic skills such as book keeping. This has allowed

women to change from being wage workers to being self employed. Women also have gained the option to pursue two or three petty businesses, change from one type of business to another, combine wage employment with small business.

Increased access to credit: The micro credit facility of the SHG has encouraged women to save. They are at ease in their minds as they can avail money when they need, without having to pay any collateral. The most important effect has been the escape from the clutches of the money lenders. Pledging on jewelry has also reduced. The inters on loans has reduced from 120% per annum to 24%. They can request for adjustment in the duration of repayment.

Establishment of businesses: At least half of the members (15-18- generally) have taken a loan from their SHG to micro-enterprise managed either by the women or by their families. There is an endless list of businesses established in this way, based on small credits of Rs.500 to sell flowers, vegetables and fruits, up to Rs.5,000 to establish petty shops and hotels, food grains, manufacture and sale of processed food products would need investments amounts varying between Rs.5,000 many women see house keeping and child rearing along with earning for the family.

While vesting SHGs, the study found many examples that showed that the women who invested in businesses through their SHGs are better off. One woman visited, lakshmi, a member of Durgamba SHG at Mandya taluk had a save (traditional fabric worn by Indian women) business. At every purchase, she invested Rs.5,000 which she made a profit of Rs.1,300. The advantage in this is her be up with the traders of Mandya who were willing to take back the unsold fabric if any.

Woman now also have the opportunity to change from one income generating activity to another-suguna of Yeliyur SHG began with the sale of flowers but changed to selling of clothes which she found more remunerative. Many women gave benefited from the skill training programs and the entrepreneurship. The increase in income has allowed poor women to be able to prioritize their requirements and fulfill these. The general trend is to invest in business only after these have been fulfilled. A first priority is to educate the children. Women furthermore spent monies for health purposes, for house repairs and to purchase kitchen utensils. Some also cleared earlier loans that they otherwise would have to take with high interest rates. Many shifted from a rented house to a house on lease. It is only later that women also invest in purchase of consumption goods like televisions, telephones, and house sites.

Changes in consumption patterns: Food items were purchased once a week or once a month, as and when wages were received was done. This saved not only the time spent but also saved on amounts as bulk/wholesale purchases are priced lower than retail purchases and ensure better quality. There is a noticeable change in the consumption pattern and better household nutrition. The financial mobility due to participation in the SHG has led to an improvement in the quality of life, according to some of the successful groups. Overall, many families were able to address their basic needs better than before.

13.Major Findings

1. SHGs have potentiality to tackle the poverty and they can be an important weapon for poverty alleviation in Mandya district.
2. The study shows that there is an increase in the level of income and assets of the rural women of SHGs and reduction in the level of poverty as a result of intervention of micro finance by SHGs.
3. The net impact of borrowing on income is positive not only in case of all the borrowers but also in case of the poorest borrowers, showing the better outreach of the bank linkage programme. However, certain shortcomings are observed. Though there is positive impact on poverty, the process of empowerment is poor. Since these SHGs are women groups, the lower empowerment can lead to the failure of the programme in the long run.
4. It was observed that majority of women loaners belonging to economically weaker sections of society, did

not know the terms and conditions of bank loan including rate of interest, schedule of repayment and magnitude of installments. But it is very interesting to note that majority of the women of SHGs know about the opening up of savings bank account.

5. The main finding of the study is that Women Empowerment Programmes have made on outstanding impact on the women beneficiaries to undertake economic activities in Mandya District. The spread of bank offices has been spectacular and Women Empowerment Programmes have shown phenomenal growth during the reference period.
6. Self Help Groups has reached rural and urban areas of Mandya District satisfactorily and they helped them to livelihood security.
7. In Mandya district SHGs are forming in and around the taluks and mandal head quarters with a radim of 5 km.
8. The study indicates that the women who are involving themselves in economic activities and are able to earn independently are taking independent decisions in panchayat raj institutions.

14. Policy implications

1. The Governments both at the Centre and the State can think of the possibilities of implementing some of the subsidy / margin oriented schemes through the SHGs so that recovery performance and end utilization can be ensured besides reducing the transaction costs. Need is felt to arrange entrepreneurship development programmes for the members of the SHGs who are graduating themselves beyond consumptive credit to the production / investment credit. It could be specific skill oriented training.
2. In order to cover more and more weaker sections under this useful and effective rural development approach, it is required on the part of the government to implement as many development programmes as possible through the SHGs so that twin objectives like better utilization of the scheme and coverage of weaker sections can be achieved. Also, Government could earmark a part of the funds spent on providing subsidies under government-sponsored programmes for the formation of Self-Help Groups and providing useful incentives to SHG activity.
3. There is a need to introduce incentives for increasing the thrift activity among the poor. While some of the selected few groups among the government promoted groups get incentives in the form of revolving fund assistance, a large number of groups promoted by NGOs and banks need to get incentives. In view of this, incentives to these groups also may be provided through the banks where the accounts of the groups are maintained in order to increase their savings propensity. This also increases the proportionate credit dispensation to the rural poor through these groups.

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